

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

P

W-03512A
Pine Water Co., Inc.
% Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield CA 93380

RECEIVED

MAY 03 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	------

FOR COMMISSION USE

ANN04	04
-------	----

5 7.10.05

COMPANY INFORMATION

Company Name (Business Name): Pine Water Co., Inc.

Mailing Address: P.O. Box 82218
(Street)

Bakersfield CA 93380
(City) (State) (Zip)

800-270-6084 or 661-633-7546 800-748-6981
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address: customerservice@scwater.com or mistiej@brookeutilities.com

Local Office Mailing Address: 1010 South Stover Road

Payson AZ 85541
(City) (State) (Zip)

928-474-8130 928-474-1695
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

MANAGEMENT INFORMATION

Management Contact: Robert T. Hardcastle President
(Name) (Title)

P.O. Box 82218 Bakersfield CA 93380
(Street) (City) (State) (Zip)

661-633-7526 800-748-6981
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address: rth@brookeutilities.com

On Site Manager: Dean Shaffer
(Name)

1010 South Stover Road Payson AZ 93380
(Street) (City) (State) (Zip)

928-474-8130 928-474-1695
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address: deans@brookeutilities.com

☐ Please mark this box if the above address(es) have changes or are updated since the last filing.

Statutory Agent: Robert T. Hardcastle
(Name)

P.O. Box 82218
(Street)

Bakersfield
(City)

CA
(State)

93380
(Zip)

661-633-7526

Telephone No. (Include Area Code)

800-748-6981

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro W/ Fennmore Craig
(Name)

3003 N. Central Ave., Ste. 2600
(Street)

Phoenix
(City)

AZ
(State)

85012
(Zip)

602-916-5000

Telephone No. (Include Area Code)

602-916-5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe)

COUNTIES SERVED

Check the box for the county/ies in which you are certified to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME: PINE WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930	1,774	15,156
304	Structures and Improvements	160,067	108,280	51,787
307	Wells and Springs	128,708	50,518	78,190
311	Pumping Equipment	132,894	78,108	54,786
320	Water Treatment Equipment	5,320	1,366	3,954
330	Distribution Reservoirs and Standpipes	247,073	185,693	61,380
331	Transmission and Distribution Mains	1,003,194	744,886	258,307
333	Services	70,981	53,768	17,213
334	Meters and Meter Installations	264,865	103,890	160,975
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	547	7	
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	56	423
	TOTALS	2,031,057	1,328,346	702,172

This amount goes on the Balance Sheet Acct. No.108



COMPANY NAME: PINE WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	16,930	2.62%	444
304	Structures and Improvements	160,067	2.61%	4,178
307	Wells and Springs	128,708	1.98%	2,551
311	Pumping Equipment	132,894	2.57%	3,410
320	Water Treatment Equipment	5,320	2.61%	139
330	Distribution Reservoirs and Standpipes	247,073	2.62%	6,473
331	Transmission and Distribution Mains	1,003,194	2.51%	25,154
333	Services	70,981	2.58%	1,830
334	Meters and Meter Installations	264,865	2.56%	6,783
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	547		7
347	Miscellaneous Equipment			
348	Other Tangible Plant	479	2.71%	13
	TOTALS	2,031,057	2.51%	50,982

This amount goes on Comparative Statement of Income and Expense
Acct. No.403.

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	6,955	9,625
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments	23,560	9,182
174	Miscellaneous Current and Accrued Assets	3,725	3,725
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 34,240	\$ 22,532
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,953,559	\$ 2,031,057
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(1,277,364)	(1,328,346)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 676,195	\$ 702,711
	DEFERRED INCOME TAX DEBITS	\$ 369,000	\$ 369,000
	TOTAL ASSETS	\$ 1,079,434	\$ 1,094,243

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME: PINE WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 35,494	\$ 10,393
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	704,074	837,071
235	Customer Deposits	26,882	27,558
236	Accrued Taxes	19,671	21,216
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 786,121	\$ 896,238
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 33,436	\$ 9,204
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 73,983	\$ 74,276
252	Advances in Aid of Construction	12,093	12,093
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	958,323	958,323
272	Less: Amortization of Contributions	(519,135)	(543,339)
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 525,264	\$ 501,353
	TOTAL LIABILITIES	\$ 1,344,822	\$ 1,406,795
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 321,823	\$ 321,823
211	Paid In Capital in Excess of Par Value	584,935	584,935
215	Retained Earnings	(1,172,146)	(1,219,310)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ (265,388)	\$ (312,552)
	TOTAL LIABILITIES AND CAPITAL	\$ 1,079,434	\$ 1,094,243

COMPANY NAME: PINE WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 705,714	\$ 696,432
460	Unmetered Water Revenue		
474	Other Water Revenues	98,795	55,384
	TOTAL REVENUES	\$ 804,509	\$ 751,816
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 114,698	\$ 123,346
610	Purchased Water	174,500	172,686
615	Purchased Power	31,686	31,047
618	Chemicals	2,512	3,455
620	Repairs & Maintenance	38,600	25,905
621	Office Supplies and Expense		
630	Outside Services	133,286	189,721
635	Water Testing	8,116	7,359
641	Rents		5,191
650	Transportation Expenses	170,040	-
657	Insurance - General Liability		1,250
659	Insurance - Health and Life	13,787	13,216
666	Regulatory Commission Expense - Rate Case	42,650	33,221
675	Miscellaneous Expense	55,210	58,352
403	Depreciation Expense	49,155	50,982
408	Taxes Other Than Income	44,186	43,787
408.11	Property Taxes	32,849	35,724
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 911,276	\$ 795,241
	OPERATING INCOME/(LOSS)	\$ (106,767)	\$ (43,425)
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(5,625)	(3,739)
	TOTAL OTHER INCOME/EXPENSE	\$ (5,625)	\$ (3,739)
	NET INCOME/(LOSS)	\$ (112,392)	\$ (47,164)

COMPANY NAME: PINE WATER COMPANY, INC
--

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN # 1	LOAN # 2	LOAN # 3	LOAN # 4
Date Issued	5/1/2000			
Source of Loan	Brooke Utilities			
ACC Decision No.	see below (1)			
Reason for loan	see below (2)			
Dollar Amount Issued	\$ 104,000			
Amount Outstanding	\$ 9,204			
Date of Maturity	4/30/2005			
Interest Rate	10%			
Current Year Interest	\$ 2,284			
Current Year Principal	\$ 24,232			

Meter Deposit Balance at Test Year End \$ 74,276

Meter Deposits Refunded During the Test Year \$ 10,517

(1) From E&R Water	ACC Decision # 62400	\$82,000
From Williamsons Water	ACC Decision # 62363	<u>\$22,000</u>
		\$104,000

(2) The purpose of the loan was to finance capital expenditure project to improve water system infrastructures.

COMPANY NAME: Pine Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

<u>ADWR Number*</u>	<u>Description</u>	<u>Pump Horsepower</u>	<u>Pump Yield (GPM) as of 12/2004</u>	<u>Casing Depth (Feet)</u>	<u>Casing Diameter (Inches)</u>	<u>Meter Size (Inches)</u>	<u>Year Drilled</u>	<u>Arsenic Levels (mg/l)</u>
55-510039	PC L9	No pump						N/A
55-519445	PC TRB	0.5	3.4	190	6	1	1988	0.003
55-603958	P1	3.0	15.5	200	6	1	1971	0.002
55-603960	CS	1.0	6.5	300	4	¾	1974	0.002
55-603961	P2	3.0	7	280	8	1	1976	0.0024
55-603963	P3	5.0	19	480	6	2	1978	0.0039
55-613687	PC L25	0.75	14	200	6	1	1998	0.003
55-613688	BVT L20C	0.75	12.5	170	6	2	1980	0.003
55-613689	BVT L23A	1.0	0	80	8	¾	1980	0.003
55-613690	BVT L6	No pump						N/A
55-613691	BVT	0.5	15.5	170	6	¾	1980	0.003
55-613692	PCR L9	No pump						N/A
55-613695	BVT	0.75	9.5	80	6	1	1979	0.003
55-613696	PC P37	no pump						N/A
55-635764	SH	No pump						N/A
55-635767	PMA L20	No pump						N/A
55-635768	SH	No pump						N/A
55-635769	SH	1.0	0	232	8	¾	1976	0.003
55-635770	SH	2.0	0	99	6	¾	1979	0.003
55-635772	SH	No pump						N/A
55-635775	SH	2.0	3.5	270	6	¾	1976	0.003

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Strawberry Water Co Via Project Magnolia	150	5,432
Starlight Pine Water Co Via Tanker	N/A	793
Payson Water Co Via Tanker	N/A	144
Water Sharing Agreement: STWID Net	20	8,208
Water Sharing Agreement: "B"	13	5,843
Water Sharing Agreement "W"	8	4,616

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3.0	2	11	None
5.0	7		
7.5	4		
15.0	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000 gallons	5	350 gallons	2
150,000 gallons	1	1,000 gallons	2
300,000 gallons	1	2,000 gallons	4
10,000 gallons	2	30 gallons	1

Company Name: Pine Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	ABS	15,030
3	ABS	14,290
3	PVC	56,438
4	ABS	14,290
4	PVC	42,480
4	AC	25,000
5	none	none
6	AC	3,000
8	DIP	200
8	PVC	10,200
12	none	none
12	none	none

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4"	1,955
3/4	36
1	25
1 1/2	0
2	7
COMP. 3	1
TURBO 3	0
COMP. 4	0
TUBO 4	0
COMP. 6	0
TURBO 6	0
Total	2,024

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

3- Pellet Chlorinators

STRUCTURES:

1- 8' x 24' wood structure

2- 12' x 24' wooden frames

1- 10' x 28' concrete block

2- 10' x 12' wooden frames

1- 10' x 14' concrete block

1- 10' x 16' wooden frame

1- 10' x 10' concrete block

OTHER:

COMPANY NAME: Pine Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004
PWS Number 04-034

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED ¹ (Thousands)
January	1,974	3,461	2,731
February	1,976	3,643	2,285
March ²	1,975	1,955	2,642
April	1,979	3,692	2,852
May	1,982	4,143	3,112
June	1,984	5,416	U/A ³
July	1,981	5,489	2,125
August	1,988	4,117	2,462
September	1,986	5,055	3,187
October	1,975	3,948	2,813
November	1,973	3,450	1,884
December	1,977	2,901	1,727
Total		47,270	27,820

¹ Gallons pumped from Pine-owned wells. See page 10 for other water sources

² March 2004 customer consumption estimated due to severe weather and snow cover

³ Pine Water improved well reading procedures in June 2004 to ensure well meters were read during the same time period as customer meters. As a result of the transition, actual June 2004 production is combined with both May and July production.

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system __ See page 10 __ mg/L
(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Pine Water Co., Inc.

YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 34,271.37

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

PAY TO THE ORDER OF NA
BANK ONE, ARIZONA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11804047

35847
35848
35849
1/2

Pine Water Company, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

BANK OF AMERICA
1440 TRUXTON AVENUE
BAKERSFIELD, CA 93301

17,861.91 18765

CHECK NO.

16:66
1220

*****Seventeen Thousand Eight Hundred Sixty-One and 91/100 *****

DATE

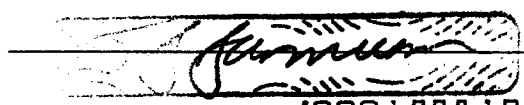
Oct 6 04

AMOUNT

\$17,861.91

PAY
TO THE
ORDER
OF

GILA COUNTY TREASURER
P.O. BOX 1093
GLOBE, AZ
85502



⑈018765⑈ ⑆122000661⑆ 1476901525⑈ ⑈0001786191⑈

⑈018765⑈ ⑆122000661⑆ 1476901525⑈ ⑈0001786191⑈

FEDERAL BANKING ACT 1987
FEDERAL RESERVE REG. CO.
10/14/04 LA CA
122000661
14323 512 00013815949
10132004
BANK ONE NA
BEDFORD, TEXAS

9740838360 10/12/2004
2845 21 1
BANK ONE NA ARIZONA
11119013314
10122004
9740838360 POSITION

OCT 12 04

60231 79517

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

PAY TO THE ORDER OF
BANK ONE, ARIZONA, NA
PHOENIX, ARIZONA
122100024
FOR DEPOSIT ONLY
GILA COUNTY TREASURER
11804047

PLEASE PROMPTLY RETURN

COMPANY NAME Pine Water Co., Inc.

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported <47,164>
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported <47,164>
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4-29-05
DATE

Robert T. Hardcastle
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

MAY 03 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF California

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Kern

NAME (OWNER OR OFFICIAL) TITLE

Robert T. Hardcastle President

COMPANY NAME

Pine Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE, 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 751,816

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 43,787

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL.)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

29th

DAY OF

COUNTY NAME

Kern

MONTH

April

2005

SIGNATURE OF OWNER OR OFFICIAL

(SEAL)



MY COMMISSION

Sharon Elaine Zimmerman
SIGNATURE OF NOTARY PUBLIC

9-12-08

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

MAY 03 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF California

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
Kern	
NAME (OWNER OR OFFICIAL)	TITLE
Robert T. Hardcastle	President
COMPANY NAME	
Pine Water Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE, 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only

\$ 686,486

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 43,282

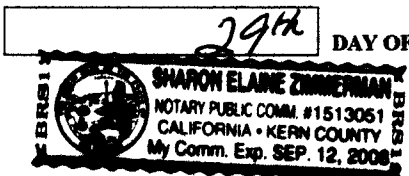
IN SALES TAXES BILLED, OR COLLECTED)

*** RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

**THIS
(SEAL)**



MY COMMISSION EXPIRES

9-12-08

SIGNATURE OF OWNER OR OFFICIAL

NOTARY PUBLIC NAME

COUNTY NAME

MONTH

20 05

SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

PINE WATER COMPANY 2004
BALANCE SHEET
Dec 31 04

Unaudited

ASSETS

	2004 -----	2003 -----
WATER UTILITY PLANT:		
Utility Plant in Service	77,497.83	61,964.46
Utility Plant in Service	1,953,558.84	1,891,594.38
Less: Accum Depreciation & Amortization	(1,328,345.56)	(1,277,364.02)
WATER UTILITY PLANT, NET	702,711.11	676,194.82
OTHER UTILITY ASSETS:		
TOTAL OTHER UTILITY ASSETS	0.00	0.00
CURRENT & ACCRUED ASSETS:		
Customer Accounts Receivable	9,625.08	6,954.81
Unclaimed Monies	(193.17)	(193.17)
Other Accounts Receivable	3,918.02	3,918.02
Prepayments	9,182.00	23,560.00
TOTAL CURRENT & ACCRUED ASSETS	22,531.93	34,239.66
DEFERRED DEBITS:		
Accum Deferred Income Taxes	369,000.00	369,000.00
TOTAL DEFERRED DEBITS	369,000.00	369,000.00
TOTAL ASSETS	1,094,243.04 =====	1,079,434.48 =====

PINE WATER COMPANY 2004
Dec 31 04
LIABILITIES AND SHAREHOLDERS EQUITY

	2004 -----	2003 -----
EQUITY CAPITAL:		
Retained Earnings	(1,172,145.96)	(1,172,145.96)
Income from Utility Operations	(47,163.97)	0.00
Common Stock	321,823.00	321,823.00
Additional Paid in Stock	584,935.00	584,935.00
	-----	-----
TOTAL EQUITY IN PARTNERSHIP	(312,551.93)	(265,387.96)
CURRENT ACCRUED LIABILITIES:		
Accounts Payable	10,392.63	35,494.77
Accounts Payable Assoc. Co.	837,071.11	704,074.19
Customer Deposits	27,558.00	26,882.00
Other Miscellaneous Accruals	21,215.80	19,670.98
	-----	-----
TOTAL CURRENT ACCRUED LIABILITIES	896,237.54	786,121.94
LONG TERM DEBT:		
Notes Payable-LTerm- Assoc Co	9,204.38	33,436.45
	-----	-----
TOTAL LONG TERM DEBT	9,204.38	33,436.45
DEFERRED CREDITS:		
Advances for Construction	12,093.00	12,093.00
Refundable Meter Advances	74,276.01	73,983.25
	-----	-----
TOTAL DEFERRED CREDITS	86,369.01	86,076.25
CONTRIBUTIONS:		
Contri. In Aid of Construction	958,323.00	958,323.00
Accum.Amortiz. Contri. in Ai	(543,338.96)	(519,135.20)
	-----	-----
TOTAL CONTRIBUTIONS	414,984.04	439,187.80
	-----	-----
TOTAL LIABILITIES & EQUITY	1,094,243.04	1,079,434.48
	=====	=====

page 1

	LAST YEAR	LAST YTD	CURRENT YEAR	DEC	NOV	OCT	SEP
	-----	-----	-----	-----	-----	-----	-----
OPERATING REVENUE:							
Metered Sales - resi	696,599.72	696,599.72	686,205.59	52,766.18	48,002.44	65,697.47	65,259.24
Metered Sales - comm	9,114.72	9,114.72	10,226.20	585.97	670.69	916.76	1,219.08
Establishment Charge	8,488.80	8,488.80	7,940.00	760.00	725.00	950.00	585.00
Late Fees	2,903.84	2,903.84	2,690.81	223.62	276.38	77.52	267.22
WATER AUGMENTATION S	87,402.28	87,402.28	44,463.41	0.00	0.00	10,501.05	254.54
Misc. Service Revenue	0.00	0.00	289.62	0.00	0.00	0.00	19.02
TOTAL OPERATING R	804,509.36	804,509.36	751,815.63	54,335.77	49,674.51	78,142.80	67,604.10
OPERATING EXPENSES:							
SOURCE OF SUPPLY:							
OPERATIONS:							
Purchased waters	147,076.37	147,076.37	146,550.03	5,764.84	5,427.52	4,762.68	10,104.36
Purchased power	31,686.24	31,686.24	31,046.75	2,122.87	2,488.03	2,996.98	2,407.26
Transportation ex	169,365.00	169,365.00	0.00	0.00	0.00	0.00	0.00
SUBTOTAL	348,127.61	348,127.61	177,596.78	7,887.71	7,915.55	7,759.66	12,511.62
MAINTENANCE:							
Salaries & Wages-	108.46	108.46	0.00	0.00	0.00	0.00	0.00
SUBTOTAL	108.46	108.46	0.00	0.00	0.00	0.00	0.00
TOTAL SOURCE O	348,236.07	348,236.07	177,596.78	7,887.71	7,915.55	7,759.66	12,511.62

PINE WATER COMPANY 2004
UNAUDITED STATEMENT OF INCOME
12 PERIODS ENDED Dec 31 04
Consolidated Departments

page 2

	LAST YEAR -----	LAST YTD -----	CURRENT YEAR -----	DEC -----	NOV -----	OCT -----	SEP -----
(continued)							
WATER TREATMENT:							
OPERATIONS:							
Chemicals	2,512.26	2,512.26	3,455.35	246.71	120.50	329.63	353.98
Regulatory Water	3,758.00	3,758.00	7,358.58	277.50	215.00	5,013.58	117.50
SUBTOTAL	6,270.26	6,270.26	10,813.93	524.21	335.50	5,343.21	471.48
MAINTENANCE:							
Sal. & Wages-empl	2,391.20	2,391.20	2,800.79	36.33	57.60	252.99	224.45
Materials & suppl	958.13	958.13	1,276.26	0.00	0.00	0.00	0.00
Regulatory Water	4,358.48	4,358.48	0.00	0.00	0.00	0.00	0.00
SUBTOTAL	7,707.81	7,707.81	4,077.05	36.33	57.60	252.99	224.45
TOTAL WATER TR	13,978.07	13,978.07	14,890.98	560.54	393.10	5,596.20	695.93
TRANSMISSION & DISTRIBUTION:							
OPERATIONS:							
Salaries & Wages-	176.81	176.81	0.00	0.00	0.00	0.00	0.00
SUBTOTAL	176.81	176.81	0.00	0.00	0.00	0.00	0.00
MAINTENANCE:							
Salaries & Wages	24,820.13	24,820.13	19,732.22	911.40	1,260.89	2,888.26	1,493.78
Materials & suppl	31,817.48	31,817.48	24,567.20	1,159.17	2,045.30	2,175.00	2,007.77
Rental of bldg/re	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00
Rental of equipme	3,036.63	3,036.63	2,190.97	2,117.06	0.00	0.00	0.00
SUBTOTAL	59,674.24	59,674.24	49,490.39	4,187.63	3,306.19	5,063.26	3,501.55
TOTAL TRANSMIS	59,851.05	59,851.05	49,490.39	4,187.63	3,306.19	5,063.26	3,501.55
CUSTOMER ACCOUNTS:							
OPERATIONS :							
Sal. & Wages - em	3,596.71	3,596.71	2,465.05	0.00	0.00	14.53	347.70
Materials and Sup	2,510.40	2,510.40	61.14	0.00	0.00	0.00	61.14
Contractual serv.	10,783.57	10,783.57	13,949.60	1,252.75	1,256.10	1,253.75	901.15
TOTAL CUSTOMER	16,890.68	16,890.68	16,475.79	1,252.75	1,256.10	1,268.28	1,309.99

PINE WATER COMPANY 2004
UNAUDITED STATEMENT OF INCOME
12 PERIODS ENDED Dec 31 04
Consolidated Departments

page 3

	LAST YEAR -----	LAST YTD -----	CURRENT YEAR -----	DEC -----	NOV -----	OCT -----	SEP -----
(continued)							
ADMINISTRATIVE & GENERAL:							
OPERATIONS:							
Sal. & Wages- emp	68,932.48	68,932.48	87,259.14	20,754.95	5,554.70	8,039.83	6,085.46
Employee pensions	6,217.93	6,217.93	0.00	0.00	0.00	0.00	0.00
Materials & suppl	3,314.00	3,314.00	0.00	0.00	0.00	0.00	0.00
Contract Serv.-Ac	53,695.98	53,695.98	52,041.49	4,654.49	4,553.31	4,617.70	4,654.28
Contractual serv.	64,769.92	64,769.92	116,383.12	458.25	0.00	1,931.74	6,199.19
Contractual serv.	4,036.99	4,036.99	7,346.46	1,481.13	1,270.00	0.00	57.50
Overhead Allocati	64,193.58	64,193.58	69,302.23	5,580.04	6,218.98	5,986.41	5,358.62
Transportation ex	675.00	675.00	0.00	0.00	0.00	0.00	0.00
Ins. - general li	0.00	0.00	1,250.00	0.00	0.00	0.00	0.00
Ins. - wrkmn's co	2,603.49	2,603.49	2,562.94	378.87	161.10	299.55	173.93
Ins. -medical/den	13,787.30	13,787.30	13,215.81	1,042.61	1,042.61	1,120.09	1,140.48
Advertising Expen	0.00	0.00	188.41	188.41	0.00	0.00	0.00
Regulatory Comm.	42,649.70	42,649.70	33,220.89	0.00	0.00	0.00	0.00
Telephone	6,062.30	6,062.30	6,271.46	952.16	152.21	800.03	152.21
Dues & Subscripti	284.44	284.44	172.47	0.00	0.00	0.00	0.00
Bad Debt Expense	1,548.18	1,548.18	2,028.59	215.44	(10.91)	962.86	175.79
Employee Educatio	0.00	0.00	70.00	0.00	0.00	70.00	0.00
Licenses & Permit	1,140.72	1,140.72	306.02	211.38	0.00	0.00	0.00
State Sales Tax	44,186.23	44,186.23	43,786.85	3,353.89	3,083.68	4,170.97	4,327.94
Utility regulator	259.10	259.10	1,609.02	0.00	0.00	0.00	0.00
Property taxes	32,848.80	32,848.80	35,723.82	5,133.24	2,976.99	2,976.99	2,737.40
Other taxes & Lic	285.00	285.00	45.00	0.00	45.00	0.00	0.00
TOTAL ADMINIST	411,491.14	411,491.14	472,783.72	44,404.86	25,047.67	30,976.17	31,062.80
SERVICE ORDERS:							
OPERATIONS:							
Sal. & Wages - em	8,454.49	8,454.49	11,089.20	397.45	1,442.78	2,276.31	1,695.87
TOTAL SERVICE	8,454.49	8,454.49	11,089.20	397.45	1,442.78	2,276.31	1,695.87
TOTAL OPERATIONS	791,410.99	791,410.99	688,759.42	54,466.98	35,997.60	47,623.63	47,051.76
TOTAL MAINTENANCE	67,490.51	67,490.51	53,567.44	4,223.96	3,363.79	5,316.25	3,726.00
TOTAL OPERATIONS & M	858,901.50	858,901.50	742,326.86	58,690.94	39,361.39	52,939.88	50,777.76
PROVISION FOR DEPREC	24,950.82	24,950.82	26,777.78	2,251.63	2,238.26	2,440.24	2,329.60
INCOME (LOSS) FROM OPE	(79,342.96)	(79,342.96)	(17,289.01)	(6,606.80)	8,074.86	22,762.68	14,496.74
OTHER INCOME <EXPENSE>:							
Interest Expenses	(5,625.24)	(5,625.24)	(3,738.96)	(194.77)	(224.59)	(294.95)	(264.66)
CAWCD water costs	(27,424.00)	(27,424.00)	(26,136.00)	(2,178.00)	(2,178.00)	(2,178.00)	(2,178.00)
TOTAL OTHER INCOME <	(33,049.24)	(33,049.24)	(29,874.96)	(2,372.77)	(2,402.59)	(2,472.95)	(2,442.66)
NET INCOME (LOSS)	(112,392.20)	(112,392.20)	(47,163.97)	(8,979.57)	5,672.27	20,289.73	12,054.08